



Agenda Item Number: 2005-8-6A

BERNALILLO COUNTY BOARD OF COUNTY COMMISSIONERS

Meeting Date: August 23, 2005

DEFERRED FROM THE AUGUST 9, 2005 ADMINISTRATIVE MEETING

Department: County Manager **Staff Contact:** Daniel Gutiérrez, Economic Development
Julie Baca, Deputy County Manager,
Community Services
Dan Mayfield, Comptroller
Tommy Hughes, Hughes and Strumor Ltd.,
Inc., Bond Counsel

TITLE: Industrial Revenue Bond project for Tempur Production USA Inc.

ACTION: Motion to adopt **Ordinance 2005-** authorizing issuance of industrial revenue bonds to Tempur Production USA Inc.

SUMMARY:

The Bernalillo County Office of Economic Development has received an application and project plan for Tempur-Pedic International Inc (TPX) . The company manufactures and distributes Swedish Mattresses and Neck Pillows. The company's products are currently sold in 60 countries under the Tempur-Pedic and TEMPUR brand names.

The company seeks up to \$100,000,000 of non-taxable industrial revenue bonds pursuant to 4-59-1 et seq. NMSA 1978. Based in Lexington, Kentucky, Tempur-Pedic International Inc. manufactures mattresses and pillows in two production facilities which it owns through subsidiaries in Aarup Denmark and Duffield Virginia. A third production facility is currently being constructed in Bernalillo County. This facility will be operated by Tempur Production USA, Inc. a wholly owned indirect subsidiary of TPX. The company proposes to use these bonds to cover construction costs and acquire equipment. The proposed Bernalillo County plant is a state-of-the-art 850,000 square foot facility located off of Paseo Del Vulcan and will produce approximately 54,000 mattresses a month.

Construction is estimated to be complete by December 2005. Tempur Production USA, Inc. expects to have approximately 120 employees by the end of 2006 and 250 to 300 employees once at full capacity. Approximately two to four employees may be transferred from out-of-state, with the remaining recruitment to be focused first on residents of Bernalillo County, then on residents of New Mexico.

On October 12, 2004 the Board approved Administrative Resolution AR 96-2004 Inducement Resolution concerning industrial revenue bonds in connection with a proposed project for to Tempur Production USA Inc. In accordance with the procedures specified in the County's Revenue Bond Project Evaluation Policies and Procedures (County Code, Article IV, Division 3), the County Manager submits the attachments to adopt an Ordinance authorizing the issuance

and sale of Industrial Revenue Bonds for this project. The 9.005% Mill Rate attributable to the Albuquerque Public Schools and the 6.5% for the University of New Mexico Hospital will not be abated. Payments to the Albuquerque Public Schools and the University of New Mexico Hospital are defined in Sections 6.4 and 6.5. In the event of default, the remedies are addressed in Section 16 of the Bond Documents and the Lease Agreement.

ATTACHMENT:

1. Ordinance -2005.

FISCAL IMPACT

The **construction** will employ 400 hundred workers and generate gross receipts tax revenue as follows:

1. \$306,250 for Bernalillo County operations
2. \$87,500 for Bernalillo County Environmental Services Gross Receipts Tax (ESGRT)
3. \$3,500,000 for the State of New Mexico

STAFF ANALYSIS SUMMARY

COUNTY MANAGER

See Summary

LEGAL

Hughes and Strummer, Ltd prepared the Ordinance

FINANCE

The County does not pledge its full faith and credit towards the repayment of the bonds. Lease payments from Tempur Pedic will be used to repay the bonds. Per the lease agreement, Tempur Pedic agrees to make annual payments in lieu of taxes to the school districts within the County and UNM Hospital. In addition, Tempur Pedic will pay the County a penalty if they cease operations within the County within ten years. Maria Zuniga, Financial Projects Coordinator, 7/25/05